
Renovation Webinar

Dean Parker & Troy Harris (Active Property Network)

How Important is being aware of every cost in a Renovation?

Troy Harris: I know you have the most comprehensive costing tools and checklists that I've ever seen. *How important is being aware of every possible cost?*

Dean Parker: It's *imperative*. I mean, we're in this to make money. That's what we do it for so I mean, there's no point going into a project and guessing. I mean, I actually went through a property today that had no...We'd had a bit of a walkthrough...walk around it before because it's vacant. You can see it's vacant because there's no blinds on the property. But I went into it today and the floors are that bad that you could pretty much fall through the floors to the ground, like the actual timber had significant rotting.

So that sort of thing. Although it's difficult, you just have to cost that out completely and get someone into quote it properly. And we always try and get three quotes for something like that to make sure that before we buy, we know exactly what we're going to be up against.

I guess and on that, we always now just have a due diligence clause that we include on any purchase unless it's a really straightforward cosmetic dwelling. For example, one of the properties we built was only six years old that was still under a building warranty on a slab and this looked structurally 100% fine. Unless it's in that sort of scenario, we always have a due diligence clause so that we essentially agree on price and then once we've agreed on price, then we go off and do our absolute, complete costing. And we do it in that way so that we're not wasting time doing all these costing analysis and never buying anything 'cause it does take an hour to do just an inspection and then like I say, by the time afterwards then to get quotes and other things.

So I look at it's imperative to know your costs. Otherwise, I mean, there'd be nothing worse than getting out the other end and doing all this work and not making any money or definitely having the possibility of losing money.

Troy Harris: Otherwise, you're only guessing.

Dean Parker: Exactly, yeah. Exactly right.

Resources – The Renovation Costing Tool is a budgeting tool found in the product, The Complete Renovation System
<http://www.propertyystems.com.au/products/55-the-complete-renovation-system.html>